

**SIOUX COUNTY, IOWA
Independent Auditors' Report
Financial Statements
And
Supplemental Information
Schedule of Findings
June 30, 2010**

SIOUX COUNTY, IOWA

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SIoux COUNTY, IOWA

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SIoux COUNTY, IOWA

County Officials

Name	Title	Term Expires
Mark Sybesma	Board of Supervisors	January, 2013
Al Bloemendaal	Board of Supervisors	January, 2013
Dennis Wright	Board of Supervisors	January, 2011
Arlyn Kleinwolterink	Board of Supervisors	January, 2011
John Degen	Board of Supervisors	January, 2013
Lois Huitink	County Auditor	January, 2013
Randall Jacobsma	County Treasurer	January, 2011
Anita Van Bruggen	County Recorder	January, 2011
Dan Altena	County Sheriff	January, 2013
Coleman McAllister	County Attorney	January, 2011
Ross Simmelink	County Assessor	January, 2014



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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Sioux County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SIOUX COUNTY, IOWA (the County) as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on the financial statements based on our audit.

We conducted our audit in accordance with audit standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Sioux County, Iowa, as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principals generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 21, 2011 on our consideration of Sioux County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6 through 12 and 41 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information

because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements.

The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
February 21, 2011

SIoux COUNTY, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS

SIoux COUNTY PROVIDES THIS MANAGEMENT'S DISCUSSION AND ANALYSIS OF ITS FINANCIAL STATEMENTS. THIS NARRATIVE OVERVIEW AND ANALYSIS OF THE FINANCIAL ACTIVITIES IS FOR THE FISCAL YEAR ENDED JUNE 30, 2010. WE ENCOURAGE READERS TO CONSIDER THIS INFORMATION IN CONJUNCTION WITH THE COUNTY'S FINANCIAL STATEMENTS, WHICH FOLLOW.

2010 FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of FY10 by \$55,662,181 (net assets). Of this amount, \$4,900,253 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
 - Sioux County's total net assets increased by \$1,938,494 from FY09.
 - As of the close of FY10, Sioux County governmental funds reported combined ending fund balances of \$19,400,531, an increase of \$299,613 in comparison with the prior year.
 - At the end of FY10, unreserved fund balance for the general fund was \$3,173,230, or 41% of total general fund expenditures.
-

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The **Government-wide Financial Statements** consist of a statement of net assets and a statement of activities. These provide information about the activities of Sioux County as a whole and present an overall view of the County's finances.

The **Fund Financial Statements** tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Sioux County's operations in more detail than the government-wide statements by providing

information about the most significant funds. The remaining statements provide financial information about activities for which Sioux County acts solely as an agent or custodian for the benefit of those outside of the government.

Notes to the Financial Statements provide more detailed data and explain some of the information in the financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of Sioux County's budget for the year, as well as presenting a schedule of funding progress for retiree health plan.

Supplementary Information provides detailed information about the non-major funds and the individual fiduciary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

The **statement of net assets** presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the statement of net assets and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long-term debt and capital projects. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The **fund financial statements** provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by

bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

The county has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the General Fund, 2) the Special Revenue funds such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balance.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management services and the county assessor to name a few.

The fiduciary funds required financial statements include a statement of fiduciary assets and liabilities.

- 3) A proprietary fund accounts for the County's partial funding of health insurance deductibles, internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The proprietary fund required financial statements include a statement of net assets, a statement of revenues, expenses, and changes in fund net assets and a statement of cash flows.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Sioux County's net assets for FY10 totaled \$55,662,181. This compares to FY09 at \$53,723,687. The analysis that follows focuses on the components of net assets for the governmental activities.

Net Assets of Governmental Activities

	2010	2009
Current and other assets	\$ 29,109,381	\$ 28,335,823
Capital assets	48,934,344	47,775,483
Total Assets	78,043,725	76,111,306
Long-term liabilities outstanding	12,317,055	12,764,214
Other liabilities	10,064,489	9,623,405
Total liabilities	22,381,544	22,387,619
Net assets:		
Invested in capital assets, net of related debt	39,919,344	38,591,611
Restricted	10,842,584	9,886,708
Unrestricted	4,900,253	5,245,368
Total net assets	<u>\$ 55,662,181</u>	<u>\$ 53,723,687</u>

The largest portion of the County's net assets is invested in capital assets (e.g. land, infrastructure, buildings, and equipment), less the related debt. The debt related to capital assets is liquidated with resources other than capital assets. A portion of the County's net assets (19%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$4,900,253) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the year, the County is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The County's net assets increased \$1,938,494 during the current year. This increase is attributable to the efficient operations of the activities of the County. Key elements of this increase are as follows:

Changes in Net Assets of Governmental Activities

	2010	2009
Revenues:		
Program revenues:		
Charges for service and sales	\$ 1,873,330	\$ 1,888,082
Operating grants and contributions	6,774,251	7,189,797
Capital grants and contributions	2,299,672	2,998,124
General revenues:		
State Tax Credits	317,753	348,228
Local Option Sales Tax	1,254,116	1,348,818
Property tax	7,435,511	6,844,606
Interest and penalties on taxes	68,516	50,584
Unrestricted investment earnings	350,302	546,364
Gain on sale of assets	48,258	4,724
Miscellaneous	69,500	66,739
Total revenues	<u>20,491,209</u>	<u>21,286,066</u>

Program expenses:

Public safety and legal services	3,637,284	3,527,954
Physical health and social services	1,603,496	1,688,368
Mental health	2,209,156	2,369,563
County environment and education	999,567	831,217
Roads and transportation	7,036,922	5,868,545
Government services to residents	833,357	835,199
Administration or general government	1,720,112	1,697,789
Non-Program Services	37,029	17,577
Interest on long-term debt	543,071	554,970
Total expenses	18,619,994	17,391,182
Increase in net assets	1,871,215	3,894,884
Net assets - Beginning	53,723,687	49,828,803
Prior Period Adjustment	67,279	-
Net Assets – Beginning, restated	53,790,966	49,828,803
Net assets - Ending	\$ 55,662,181	\$ 53,723,687

The following information was taken from the levy rates certified by the Iowa State Department of Revenue and Finance:

Sioux County decreased property tax rates by .03155 per thousand dollars of taxable valuation in FY10.

The Debt Service levy for the Public Safety Center and the Urban Renewal Road Project was .44328 for FY10.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Roads and transportation saw a greater increase due to a larger number of projects and increased snow removal costs.

INDIVIDUAL MAJOR FUND ANALYSIS

As Sioux County completed the year, its governmental funds reported a combined fund balance of \$19,400,531.

The General Fund, as the operating fund of Sioux County, ended FY10 with a balance of \$3,264,973. The General Fund ending fund balance in FY09 was \$3,711,832. This represents a decrease of \$446,859 which is primarily due to a decrease in revenue and increases in Public Safety and Legal Services and County Environment and Education expenses. The increases in these expenses were due to overtime from winter storms and training expenses.

The MH/DD Fund ended FY10 with a balance of \$1,220,394. The ending fund balance for FY09 was \$1,025,824. This represents an increase of \$194,570. The MH/DD Fund is entirely determined by state mandated formulas. The increase in fund balance was due to changes in services provided and cuts in the services provided. If state mandates continue to determine

the amount of money that can be levied in this fund, cuts to types of services currently funded may be required.

The Rural Services Fund ended FY10 with a balance of \$2,950,298. The ending fund balance for FY09 was \$2,486,654. This represents an increase of \$463,644. The Rural Service Fund was budgeted for approximately \$300,000 surplus. Local option sales tax came in \$100,000 more than budgeted while expenses stayed consistent with prior year.

The Secondary Road Fund ended FY10 with a balance of \$6,057,393. The ending fund balance for FY09 was \$6,051,357. This represents an increase of \$6,036. The slight increase was due to the increase in services provided during winter storms.

The Debt Service Fund ended FY10 with a balance of \$3,603,626. The ending fund balance for FY09 was \$3,617,512. This represents a decrease of \$13,886.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of FY10, Sioux County had \$48,934,344 invested in capital assets, net of accumulated depreciation. At the end of FY 09, Sioux County had \$47,842,762 invested in capital assets, net of accumulated depreciation.

Capital Assets of Governmental Activities at Year End		
	2010	2009
Land	\$ 2,737,387	\$ 2,737,387
Buildings and improvements	9,966,677	9,866,515
Equipment	12,099,164	11,591,424
Infrastructure	54,448,387	50,678,879
Construction in Progress	1,903,802	2,861,648
Totals	<u>\$ 81,155,417</u>	<u>\$ 77,735,853</u>

The County had depreciation expense of \$2,939,761 for the year ended June 30, 2010 and total accumulated depreciation at June 30, 2010 of \$32,221,073. Additional information on the County's capital assets can be found in Note 5 of the financial statements.

Debt

Sioux County is assigned an **A1** rating from Moody's Rating Committee for its General Obligation Bonds.

At the end of FY10 Sioux County had bonded indebtedness of \$12,585,000. The bonded indebtedness at the end of FY09 was \$13,070,000. General obligation debt relates to the issuance of general obligation bonds for the Public Safety Center construction and the Urban Renewal Road Project which continues to decrease as scheduled principal payments are made.

Additional information on the County's long term debt can be found in Note 6 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Sioux County's elected and appointed officials and citizens considered many factors when setting the FY11 budget, tax rates, and fees that finance the various County services. Tax rates decreased slightly for FY11.

The General Fund ended FY10 with \$446,859 less than the FY09 ending balance. (The County budgets on a cash basis, therefore, amounts in this budget section are also presented on a cash basis.)

Many factors were taken into account when adopting the budget for fiscal year 2011. The General Fund levy remained the same. Amounts appropriated in the General Fund are approximately \$8,515,181. The General Supplemental levy increased from \$195,639 to \$208,030. The increase will be used to pay for the increases in the County's tort insurance. Amounts appropriated in Special Revenue Funds are approximately \$19,124,181. Debt Service appropriations will be \$882,965. The Rural Services levy is budgeted to have a small increase with the levy increasing from \$1,601,769 to \$1,607,556. However, given the increasing LOST funds each year, the fund is still expected to increase similar to prior years.

If these estimates are realized, Sioux County's General Fund balance is expected to remain about the same as at FY10 year-end. The Rural Fund balance is expected to rise slightly from the previous year.

CONTACTING THE COUNTY'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Sioux County finances, and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Lois Huitink
Sioux County Auditor
210 Central Avenue SW
Orange City, Iowa 51041
(712) 737-2216

SIOUX COUNTY BOARD OF SUPERVISORS:

Mark Sybesma John Degen Dennis Wright Arlyn Kleinwolterink Al Bloemendaal

SIOUX COUNTY, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities
ASSETS	
Cash and Pooled Investments	\$ 14,084,169
Receivables:	
Property Tax	28,284
Future Property Tax	8,037,800
Accounts	3,431
Notes	379,037
Due from Other Governmental Agencies	605,200
Deferred Charges	81,020
Inventories	2,158,947
Prepaid Expenses	151,820
Restricted Assets:	
Cash and Cash Equivalents	211
Investments	3,579,462
Land	2,737,387
Construction in Progress	1,903,802
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	44,293,155
Total Assets	<u>78,043,725</u>
LIABILITIES	
Accounts Payable	774,703
Due to Other Governmental Agencies	214,950
Deferred Revenue - Future Property Tax	8,037,800
Accrued Interest Payable	70,944
Salaries and Benefits Payable	273,499
Long Term Liabilities	
Due within one year:	
General Obligation Bonds	505,000
Compensated Absences	187,593
Due in more than one year:	
General Obligation Bonds	12,080,000
Compensated Absences	125,063
Net OPEB Liability	111,992
Total Liabilities	<u>22,381,544</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	39,919,344
Restricted for:	
Specific Revenues	3,417,858
Mental Health Purposes	1,220,394
Secondary Roads Purposes	6,057,393
Capital Projects	146,939
Unrestricted	4,900,253
Total Net Assets	<u>\$ 55,662,181</u>

See Accompanying Notes to Financial Statements

SIoux COUNTY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

		Program Revenues
Functions/Programs	Expenses	Charges for Services
Primary Government:		
Governmental Activities:		
Public safety and legal services	\$ 3,637,284	\$ 897,115
Physical health and social services	1,603,496	21,850
Mental health	2,209,156	33,608
County environment and education	999,567	76,422
Roads and transportation	7,036,922	127,840
Government services to Residents	833,357	615,662
Administration	1,720,112	40,918
Non-program services	37,029	59,915
Interest on long-term debt	543,071	
Total governmental activities	\$ 18,619,994	\$ 1,873,330

Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
\$ 86,879		\$ (2,653,290)
1,263,617		(318,029)
1,353,773		(821,775)
38,933		(884,212)
4,031,049	\$ 2,299,672	(578,361)
		(217,695)
		(1,679,194)
		22,886
		(543,071)
<u>\$ 6,774,251</u>	<u>\$ 2,299,672</u>	<u>(7,672,741)</u>

General Revenues:

Property taxes levied for:	
General purposes	6,873,281
Debt service	562,230
Interest and penalties on taxes	68,516
State tax credits	317,753
Local option sales tax	1,254,116
Unrestricted investment earnings	350,302
Gain on Sale of Assets	48,258
Miscellaneous	69,500
Total general revenues	<u>9,543,956</u>
Change in net assets	1,871,215
Net assets - beginning	53,723,687
Prior Period Adjustment	67,279
Net assets - beginning, restated	<u>53,790,966</u>
Net assets - ending	<u>\$ 55,662,181</u>

SIOUX COUNTY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2010

	General		Mental Health		Rural Services	
Assets						
Cash and Pooled Investments	\$	3,347,076	\$	1,498,112	\$	2,750,244
Receivables:						
Property Tax		28,284				
Future Property Tax		4,339,117		1,014,007		1,650,000
Accounts		438				
Notes						
Due from Other Governmental Agencies		145,848		1,807		216,092
Inventories						
Restricted Assets:						
Cash and Cash Equivalents						
Investments						
Prepaid Expenses		91,743				
Total Assets		7,952,506		2,513,926		4,616,336
Liabilities and Equity						
Liabilities:						
Accounts Payable		153,108		67,888		1,581
Due to Other Governmental Agencies				207,589		
Deferred Revenue - Future Property Tax		4,339,117		1,014,007		1,650,000
Deferred Revenue		28,284				
Salaries and Benefits Payable		167,024		4,048		14,457
Total Liabilities		4,687,533		1,293,532		1,666,038
Fund Balances:						
Reserved for:						
Debt Service						
Inventories						
Prepaid Expenses		91,743				
Long-term notes						
Unreserved for:						
General Fund		3,173,230				
Special Revenue Fund				1,220,394		2,950,298
Capital Project Fund						
Total Fund Balances		3,264,973		1,220,394		2,950,298
Total Liabilities and Equity	\$	7,952,506	\$	2,513,926	\$	4,616,336

See Accompanying Notes to Financial Statements

Secondary Roads		Debt Service		Other Governmental Funds		Total Governmental Funds	
\$	4,234,836	\$	23,953	\$	1,924,764	\$	13,778,985
							28,284
			542,972		491,704		8,037,800
	2,947				46		3,431
					379,037		379,037
	241,453						605,200
	2,158,947						2,158,947
			211				211
			3,579,462				3,579,462
	60,077						151,820
	6,698,260		4,146,598		2,795,551		28,723,177
	545,536						768,113
	7,361						214,950
			542,972		491,704		8,037,800
							28,284
	87,970						273,499
	640,867		542,972		491,704		9,322,646
			3,603,626				3,603,626
	2,158,947						2,158,947
	60,077						151,820
					379,037		379,037
							3,173,230
	3,838,369				1,777,871		9,786,932
					146,939		146,939
	6,057,393		3,603,626		2,303,847		19,400,531
\$	6,698,260	\$	4,146,598	\$	2,795,551	\$	28,723,177

See Accompanying Notes to Financial Statements

SIOUX COUNTY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Amounts reported for governmental activities in the statement of net assets are different because:

Total Fund Balance - Governmental Funds (page 17)			\$ 19,400,531
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds.			48,934,344
The internal service fund used by management to charge the costs of self-insured health is included in the statement of net assets.			186,602
Deferred revenues from the balance sheet that provide current financial resources for governmental activities.			28,284
Accrued expenses from the balance sheet that require current financial resources for governmental activities.			(70,944)
Deferred charges related to bonds issued are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.			81,020
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
	General Obligation Bonds	\$(12,585,000)	
	Compensated Absences	<u>(312,656)</u>	<u>(12,897,656)</u>
Total Net Assets - Governmental Activities (page 13)			<u>\$ 55,662,181</u>

SIOUX COUNTY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2010

	General	Mental Health	Rural Services
Revenue:			
Property and other county taxes	\$ 3,951,193	\$ 973,154	\$ 2,826,111
Interest and penalties on taxes	68,516		
Intergovernmental	2,336,699	1,396,924	88,401
Licenses and permits			
Charges for services	660,433	33,608	14,858
Use of money and property	193,163		339
Miscellaneous	146,988		
Total Revenue	<u>7,356,992</u>	<u>2,403,686</u>	<u>2,929,709</u>
Expenditures:			
Current operating:			
Public safety and legal services	3,057,255		558,475
Physical health and social services	1,598,050		
Mental Health		2,209,116	
County environment and education	654,040		328,452
Roads and transportation	55,000		
Government services to residents	696,064		2,265
Administration	1,711,275		
Non-program services	32,167		
Capital projects			
Debt service:			
Principal			
Interest			
Total Expenditures	<u>7,803,851</u>	<u>2,209,116</u>	<u>889,192</u>
Excess (deficiency) of revenues over expenditures	<u>(446,859)</u>	<u>194,570</u>	<u>2,040,517</u>
Other financing sources (uses):			
Sale of Capital Assets			
Transfers in			
Transfers (out)			(1,576,873)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,576,873)</u>
Net Change in Fund Balances	(446,859)	194,570	463,644
Fund balances - beginning of year	3,711,832	1,025,824	2,486,654
Increase in Reserve for Inventory			
Fund balances - end of year	<u>\$ 3,264,973</u>	<u>\$ 1,220,394</u>	<u>\$ 2,950,298</u>

See Accompanying Notes to Financial Statements

Secondary Roads	Debt Service	Other Governmental Funds	Total Governmental Funds
	\$ 562,230	\$ 370,472	\$ 8,683,160
			68,516
\$ 4,518,187	22,329	51,243	8,413,783
11,300			11,300
621		67,968	777,488
21,555	136,386	29,286	380,729
131,457		10,182	288,627
4,683,120	720,945	529,151	18,623,603
		11,313	3,627,043
		51	1,598,101
			2,209,116
			982,492
5,604,467			5,659,467
		4,831	703,160
			1,711,275
			32,167
1,085,406		129,388	1,214,794
	485,000		485,000
	537,291		537,291
6,689,873	1,022,291	145,583	18,759,906
(2,006,753)	(301,346)	383,568	(136,303)
58,775			58,775
1,576,873	287,460		1,864,333
		(287,460)	(1,864,333)
1,635,648	287,460	(287,460)	58,775
(371,105)	(13,886)	96,108	(77,528)
6,051,357	3,617,512	2,207,739	19,100,918
377,141			377,141
\$ 6,057,393	\$ 3,603,626	\$ 2,303,847	\$ 19,400,531

See Accompanying Notes to Financial Statements

SIoux COUNTY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 20)	\$ (77,528)
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 4,041,860	
Depreciation expense	<u>(2,939,761)</u>	1,102,099

In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources.	(10,517)
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Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, they are as follows:

Property tax	6,467
--------------	-------

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities:	(8,388)
--	---------

Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net assets. The net revenue of the internal service fund is reported with governmental activities.	(1,055)
---	---------

Accrued interest expense that does not require current financial resources.	2,608
---	-------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Current year repayments are, as follows:

Repayments of long-term debt	485,000
------------------------------	---------

Compensated Absences that do not require current financial resources.	(4,612)
---	---------

Inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net asset is exhausted.	<u>377,141</u>
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Change in net assets of governmental activities (page 15)	<u><u>\$ 1,871,215</u></u>
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SIOUX COUNTY, IOWA
STATEMENT OF NET ASSETS
Governmental Activities - Internal Service Fund
JUNE 30, 2010

ASSETS

Current Assets

Cash and Pooled Investments	\$ 305,184
Total Assets	<u>305,184</u>

LIABILITIES

Current Liabilities

Accounts Payable	6,590
Total Current Liabilities	<u>6,590</u>

Noncurrent Liabilities

Net OPEB Liability	111,992
Total Noncurrent Liabilities	<u>111,992</u>
Total Liabilities	<u>118,582</u>

NET ASSETS

Unrestricted	<u>\$ 186,602</u>
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SIOUX COUNTY, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Governmental Activities - Internal Service Fund
For the Year Ended June 30, 2010

Operating revenues:	
Reimbursements from operating funds	\$ 131,223
Total operating revenue	<u>131,223</u>
Operating expenses:	
Claims paid	68,384
Administrative fees	8,245
Other post employment benefits	55,996
Total operating expenses	<u>132,625</u>
Operating (Loss)	(1,402)
Nonoperating income:	
Interest on investments	<u>347</u>
Change in Net Assets	(1,055)
Net assets - beginning	<u>187,657</u>
Net assets - ending	<u><u>\$ 186,602</u></u>

SIOUX COUNTY, IOWA
STATEMENT OF CASH FLOWS
Governmental Activities - Internal Service Fund
For the Year Ended June 30, 2010

Cash flows from operating activities:

Cash received from employer/employee contributions	\$ 139,174
Cash payments for insurance premiums and services	<u>(75,552)</u>

Net cash provided by operating activities	63,622
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Cash flows from investing activities:

Interest on investments	<u>347</u>
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Net increase in cash and cash equivalents	63,969
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Cash and pooled investments - beginning of year	<u>241,215</u>
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Cash and pooled investments - end of year	<u><u>305,184</u></u>
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Reconciliation of operating income to net cash used in
operating activities:

Operating (loss)	(1,402)
Change in assets and liabilities:	
Decrease in Due from Other Governments	7,950
Increase in Accounts Payable	1,078
Increase in Other Post Employment Benefits	<u>55,996</u>

Net cash provided by operating activities	<u><u>\$ 63,622</u></u>
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SIOUX COUNTY, IOWA
STATEMENT OF FIDUCIARY NET ASSETS
Agency Funds
JUNE 30, 2010

ASSETS

Cash and Pooled Investments	\$	1,692,390
Receivables:		
Property Tax		36,813
Future Property Tax		32,991,612
Accounts		30,958
Assessments		82,249
Due from Other Governments		32,901
Total Assets		<u>34,866,923</u>

LIABILITIES

Accounts Payable		6,928
Due to Other Governments		34,795,455
Salaries and Benefits Payable		24,697
Compensated Absences		39,843
Total Liabilities	\$	<u>34,866,923</u>

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sioux County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

The more significant accounting policies established under GAAP and used by the County are discussed below.

- A. Reporting Entity – For financial reporting purposes, Sioux County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Sioux County Assessor's Conference Board, Sioux County Emergency Management Commission, Sioux County Public Safety Commission, the Sioux County Civil Service Commission, and Sioux County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County. The County Board of Supervisors also are members of the Sioux County Revolving Loan Fund. This fund is reported as a special revenue fund in these financial statements. Sioux County is also a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency.

- B. Basic Financial Statements – Government-Wide Statements – The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements contain only governmental activities. The County's Public Safety and Legal Services, Physical Health and Social Services, County Environment and Education, and Government Services to Residents are classified as governmental activities. The County's internal service fund is classified as a primarily governmental type activity.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County. In the government-wide Statement of Net Assets, the governmental activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions (administration, law enforcement, courts, roads, etc.). The functions are also supported by general government revenues (property taxes, fines, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The County does not allocate indirect costs. Certain expenses of the County are accounted for through the internal service fund on a cost-reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

- C. Basis of Presentation – Fund Accounting – The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The County reports the following major governmental funds.

- 1) General Fund - The general fund is the general operating fund of the County. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

2) Special Revenue Funds

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

3) Debt Service Fund

The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles used are those applicable to similar businesses in the private sector. The County reports the following proprietary fund:

Internal Service Fund – Accounts for the County's partial self-funded insurance plan for health insurance. The County's internal service fund is presented as a proprietary fund financial statement. The users of the internal services are the County's governmental activities therefore the statement of net assets is consolidated into the government-wide statement of net assets. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support County programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide statements.

The agency funds of the County account for the property taxes levied by political subdivisions within the County, collections of those amounts by the county, and the remittance of the collected amounts to the subdivisions.

- D. Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the County’s internal service fund is charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

- E. Budgets – The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements exceeded the amount budgeted in the county environment and education, government services to residents, and the debt service functions.
- F. Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. The County has defined cash and cash equivalents to include cash on hand and demand deposits. In addition, each fund’s equity in the County’s investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. The County uses the following method in determining the reported amounts:

Type	Method
Certificates of Deposit	Cost
U.S. Treasury Notes	Based upon quoted market prices
Iowa Public Agency Investment Trust	Fair value determined by current share prices

- G. Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied. For agency funds, as no revenues are recorded, the amounts are reflected as being due to other governments.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2009.

- H. Assessments Receivable – Assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten or more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represents assessments, which are due and payable in the next year but have not been collected and are recorded in a fiduciary fund of the County.
- I. Due to/from Other Funds – During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.
- J. Due to/from Other Governments – Due to/from other governments represents state tax credits due from the State of Iowa, various shared revenues, grants, and reimbursements receivable and taxes and other revenues collected by the County which will be remitted to other governments.
- K. Inventories – Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Reported inventories in the fund financial statements are equally offset by a fund balance reserve, which indicates that they are not available to liquidate current obligations.
- L. Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.
- M. Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- N. Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable not collected within sixty days after year-end as well as unspent grant proceeds.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

- O. Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of \$5,000 for buildings and structures and machinery and equipment and in excess of \$25,000 for infrastructure. Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings and Structures	10 – 50 Years
Infrastructure	10 – 65 Years
Machinery and Equipment	3 – 20 Years

NOTE 2 - DEPOSITS AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2010 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trust; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2010 the County had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

<u>Type</u>	<u>Credit Risk</u>	<u>Fair Value</u>	<u>Maturity</u>
U.S. Treasury Notes	Not Applicable	\$3,579,462	Various
IPAIT	AAA	\$ 4,404,846	N/A

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at fair value. IPAIT was created pursuant to Iowa Code Chapter 28E and is registered with the Securities and Exchange Commission (SEC) in accordance with 17 C.F.R. Section 270.2a-7.

Custodial Credit Risk: The County has no policy regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

NOTE 2 - DEPOSITS AND POOLED INVESTMENTS – (CONTINUED)

Interest Rate Risk: The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the County.

Concentration of Credit Risk: The County's investment policy places limits on the amount that may be invested in any one issuer. At the time of purchase, no more than five (5) percent of the investment portfolio of Sioux County shall be invested in the securities of a single issuer. The County's investment in the U.S. Treasuries is not subject to concentration of credit risk as the U.S. Treasuries represent U.S. government issued debt.

Cash and Pooled Investments

The County pools the resources of each individual fund's available cash in order to obtain higher rates of return than could be if the funds were invested individually. The cash and pooled investments at June 30, 2010 consisted of the following:

Reconciliation to the Financial Statements:

	Carrying Amount
Investments	\$ 7,984,308
Demand Deposits	11,477,621
Cash on Hand	1,000
	<u>19,462,929</u>
Unrestricted:	
Cash and Pooled Investments - Governmental Activities	14,084,169
Cash and Pooled Investments - Agency Funds	1,799,087
Restricted:	
Cash-Governmental Activities	211
Investments-Governmental Activities	3,579,462
	<u>\$ 19,462,929</u>

NOTE 3 - NOTES RECEIVABLE

Sioux County Revolving Loan Fund - During the year ended June 30, 1989 the Sioux County Revolving Loan Fund was incorporated. The purpose of the corporation is to promote economic development in Sioux County. During the year ended June 30, 2010, the County made no contributions to the Sioux County Revolving Loan Fund. The County records the loan activity of this corporation in a Special Revenue Fund.

The proceeds from the businesses remain in the Sioux County Revolving Loan Fund for future loans to other businesses. Loan repayments totaled \$90,758 during the year ended June 30, 2010. The loans are secured by real estate mortgages and personal guarantees of the business owners.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

NOTE 3 - NOTES RECEIVABLE (CONTINUED)

Loans by the Sioux County Revolving Loan Fund are as follows:

Loaned to	Date of Loan	Original Loan Amount	Interest Rate	Term Of Loan	Monthly Payment	Loan Balance June 30, 2010
Quality Machine Products, Inc.	March 31, 2005	\$ 5,833	6.300	5 yrs.	114	\$ 1,739
	June 26, 2009	52,500	3.000	5 yrs.	944	48,439
	October 6, 2006	65,000	5.064	4.5 yrs.	1,344	29,441
Rock Mills	January 15, 2009	37,500	3.150	5 yrs.	1,354	22,323
Midwest Enrg Flakes, Inc.	August 4, 2003	50,000	3.800	7 yrs.	679	1,351
Siouxland Fabricating	December 6, 2006	50,000	5.775	5 yrs.	961	16,539
Harbor Group	November 16, 2006	100,000	5.904	5 yrs.	1,646	43,021
M – K Distributing	December 6, 2006	100,000	5.775	5 yrs.	1,927	74,039
Exemplar Genetics LLC	November 25, 2009	150,000	3.000	10 yrs.	1,446	142,145
		<u>\$ 610,833</u>				<u>\$ 379,037</u>

NOTE 4 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

	Secondary Roads	Debt Service	Total Transfer Out
Rural Services	\$ 1,576,873	\$ -	\$ 1,576,873
Nonmajor Governmental	-	287,460	287,460
Transfer In	<u>\$ 1,576,873</u>	<u>\$ 287,460</u>	<u>\$ 1,864,333</u>

Transfers were used to:

1. Move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance July 1, 2009 (As Restated)	Additions	Deletions	Balance June 30, 2010
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,737,387	\$ -	\$ -	\$ 2,737,387
Construction in Progress	2,861,648	1,775,902	2,733,748	1,903,802
Total capital assets not being depreciated	5,599,035	1,775,902	2,733,748	4,641,189
Capital assets being depreciated:				
Buildings	9,866,515	100,162	-	9,966,677
Equipment	11,591,424	752,815	245,075	12,099,164
Infrastructure	50,678,879	4,166,508	397,000	54,448,387
Total capital assets being depreciated	72,136,818	5,019,485	642,075	76,514,228
Less: Accumulated Depreciation for:				
Buildings	4,130,054	170,528	-	4,300,582
Equipment	7,030,584	675,758	214,779	7,491,563
Infrastructure	18,732,453	2,093,475	397,000	20,428,928
Total Accumulated Depreciation	29,893,091	2,939,761	611,779	32,221,073
Total capital assets being depreciated, net	42,243,727	2,079,724	30,296	44,293,155
Governmental activities capital assets, net	\$ 47,842,762	\$ 3,855,626	\$ 2,764,044	\$48,934,344

Depreciation expense was charged to the functions as follows:

Public Safety and Legal Services	\$ 209,715
Physical Health and Social Services	4,562
County Environment and Education	38,640
Roads and Transportation	2,525,603
Government Services to Residents	143,788
Administration	12,591
Non-Program	4,862
	<u>\$ 2,939,761</u>

Reconciliation of Invested in Capital Assets:

	Governmental Activities
Land	\$ 2,737,387
Construction in Progress	1,903,802
Capital Assets (net of accumulated depreciation)	44,293,155
Less: General Obligation Bonds Payable	<u>(9,015,000)</u>
Invested in Capital Assets, Net of Related Debt	<u>\$ 39,919,344</u>

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

NOTE 6 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	<u>General Obligation Bonds</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance Beginning of Year	\$ 13,070,000	\$ 308,044	\$ 13,378,044
Increases	-	189,438	189,438
Decreases	485,000	184,826	669,826
Balance End of Year	<u>\$ 12,585,000</u>	<u>\$ 312,656</u>	<u>\$ 12,897,656</u>
Due Within One Year	<u>\$ 505,000</u>	<u>\$ 187,593</u>	<u>\$ 692,593</u>

In March 2002, the County issued \$6,000,000 General Obligation Bonds to acquire land and build, equip and furnish a Public Safety Center. These bonds have an average interest rate of 4.64% and mature May 1, 2022.

In March 2007, the County issued \$3,625,000 of General Obligation Refunding Capital Loan Notes in a crossover advance refunding of the 2002 General Obligation Bonds. The 2007 bonds have an average interest rate of 3.87% and the 2002 bonds being refunded have an average interest rate of 4.64%. The net proceeds from this issuance were used to purchase U.S. government securities and were deposited in an escrow account with Bankers Trust Company. As of June 30, 2010 the amount in escrow was \$3,579,673. This amount will be used to refund the remaining \$3,570,000 of the 2002 bonds on May 1, 2012 when these notes become callable. The assets deposited with the escrow agent are shown as a restricted asset in the County's Debt Service Fund. As a result of this refunding the County will reduce its debt service payments over the next fifteen years by \$133,095, and obtain an economic gain of \$81,327.

In March 2008, the County authorized the issuance of \$5,000,000 General Obligation Capital Loan Notes for the purpose of paying costs of aiding in the planning, undertaking and carrying out of the Urban Renewal District 1 Project Area project, including road improvements. These bonds have an average interest rate of 3.73% and mature June 1, 2027.

Annual debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 505,000	\$ 517,908	\$ 1,022,908
2012	4,095,000	498,841	4,593,841
2013	575,000	311,625	886,625
2014	595,000	290,313	885,313
2015	620,000	268,238	888,238
2016-2020	3,480,000	971,803	4,451,803
2021-2025	1,980,000	381,100	2,361,100
2026-2027	735,000	48,660	783,660
	<u>\$ 12,585,000</u>	<u>\$ 3,288,488</u>	<u>\$ 15,873,488</u>

\$3,603,626 is available in the Debt Service Fund to service the General Obligation Bonds. The general obligation bonds are to be retired through property tax levies.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

NOTE 7 - PENSION AND RETIREMENT

Iowa Public Employees Retirement System - The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.30% of their annual covered salary and the County is required to contribute 6.65% of annual covered salary for the year ended June 30, 2010. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County contribution to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$376,062, \$344,451 and \$309,928, respectively, equal to the required contributions for each year.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description. The County operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 131 active and 2 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage, which is a partially self-funded medical plan, is administered by BlueCross BlueShield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established any may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contributions (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 62,181
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>62,181</u>
Contributions made	<u>(6,185)</u>
Increase in net OPEB obligation	55,996
Net OPEB obligation beginning of year	55,996
Net OPEB obligation end of year	<u>\$ 111,992</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (CONTINUED)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2009 and 2010 are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 62,181	9.9%	\$ 111,992
2009	\$ 62,181	9.9%	\$ 55,996

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$428,640, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$428,640. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,973,000 and the ratio of the UAAL to covered payroll was 8.62%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 8%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1.0% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based on 75% for employees currently electing coverage and 0% for employees currently waiving coverage.

Projected claim costs of the medical plan are \$923 per month for retirees less than age 65 and \$490 per month for retirees who have attained age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

NOTE 9 - RISK MANAGEMENT

Sioux County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 637 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2010 were \$247,872.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2010, no liability has been recorded in the County's financial statements. As of June 30, 2010, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

NOTE 9 - RISK MANAGEMENT - (CONTINUED)

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

NOTE 10 - CONTINGENCY

The County receives significant financial assistance from the U.S. government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2010, the County estimates that no material liabilities will result from such audits.

The County is a defendant in a number of lawsuits in its normal course of operations. The outcome of these lawsuits is not presently determinable and an estimate of possible losses cannot be made.

NOTE 11 - CONSTRUCTION COMMITMENT

The County has entered into several construction contracts totaling \$223,802 for bridge and culvert construction and roadway paving. As of June 30, 2010, \$124,254 had been incurred against the contracts. The balance of \$99,548 will be paid as work on the projects progress.

NOTE 12 - FUND BALANCE DESIGNATIONS

The Board had originally designated \$300,000 of the Rural Services Fund Balance, including all interest earned on the original designation to be used to assist cities in the purchase of new ambulances. The balance remaining of the designation at June 30, 2010 is \$268,416.

This designation is included in unreserved fund balances in the government-wide financial statements and in the applicable fund financial statements.

NOTE 13 - PARTIALLY SELF-FUNDED HEALTH INSURANCE PLAN

The Sioux County Partially Self-Funded (PSF) Health Insurance Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with TPA, Ltd. The agreement is subject to automatic renewal provisions. The County assumes liability for out-of-pocket maximums of \$1,000 for single individuals and \$2,000 for family coverage.

Monthly payments of service fees and plan contributions to the Sioux County PSF Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to TPA, Ltd. from the Sioux County PSF Health Insurance Fund. The County records the plan assets and related liabilities of the Sioux County PSF Health Insurance Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2010 was \$131,223.

Amounts payable from the PSF Health Insurance Fund at June 30, 2010 total \$6,590 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on estimates of the amounts necessary to pay current year claims. A liability has been established based on the requirements of

SIOUX COUNTY, IOWA
Notes to Financial Statements
June 30, 2010

NOTE 13 - PARTIALLY SELF-FUNDED HEALTH INSURANCE PLAN - (CONTINUED)

Government Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

	<u>2010</u>	<u>2009</u>
Unpaid claims, beginning of year	\$ 5,512	\$ 4,620
Incurred claims (including IBNR's)	80,104	62,009
Claim Payments	<u>(79,026)</u>	<u>(61,117)</u>
Unpaid claims, end of year	<u>\$ 6,590</u>	<u>\$ 5,512</u>

NOTE 14 - GUARANTEED DEBT

Sioux County is a member of a 28E agreement with the Northwest Iowa Area Solid Waste Agency. Sioux County has provided a Local Government Guarantee as specified in IAC 567-111.6(8) for the Agency. The current closure and/or postclosure cost estimates being assured through the Local Government Guarantee by Sioux County are as follows:

Closure cost to be assured:	\$ 14,528
Postclosure cost to be assured:	\$222,472

NOTE 15 - PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

In the current year, it was discovered that certain governmental capital assets had been omitted from the asset listing in the prior year. It was determined that \$68,443 of building and infrastructure additions, and \$1,164 of related depreciation had been omitted from the asset listing in error. To correct this error, Government-Wide Infrastructure and Property and Equipment, Net of Accumulated Depreciation were restated to reflect the additional capital assets of the County. The government-wide governmental activities beginning fund balance of the County was increased by \$67,279 as a result of the adjustments.

REQUIRED SUPPLEMENTARY INFORMATION

SIOUX COUNTY, IOWA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL - ALL GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
Revenue:				
Property and other county taxes	\$ 8,707,115	\$ 8,707,115	\$ 8,672,938	\$ (34,177)
Interest and penalties on taxes	30,000	30,000	68,516	38,516
Intergovernmental	7,785,130	7,785,130	8,629,505	844,375
Licenses and permits	5,250	5,250	10,850	5,600
Charges for services	683,210	683,210	777,564	94,354
Use of money and property	484,700	484,700	492,922	8,222
Miscellaneous	268,755	268,755	311,824	43,069
Total Revenue	17,964,160	17,964,160	18,964,119	999,959
Expenditures:				
Current operating:				
Public safety and legal services	3,758,530	3,758,530	3,631,192	127,338
Physical health and social services	1,748,212	1,748,212	1,546,105	202,107
Mental Health	2,753,912	2,753,912	2,221,091	532,821
County environment and education	956,829	956,829	966,832	(10,003)
Roads and transportation	5,744,150	5,744,150	5,355,228	388,922
Government services to residents	797,852	797,852	850,353	(52,501)
Administration	2,031,924	2,031,924	1,733,599	298,325
Non-program services	40,500	40,500	32,167	8,333
Debt service	881,448	881,448	1,022,791	(141,343)
Capital projects	5,169,553	5,225,553	1,441,840	3,783,713
Total Expenditures	23,882,910	23,938,910	18,801,198	5,137,712
Excess (Deficiency) of revenues over expenditures	(5,918,750)	(5,974,750)	162,921	6,137,671
Other financing sources (uses):				
Transfers in	2,028,718	2,028,718	1,864,333	(164,385)
Transfers out	(2,028,718)	(2,028,718)	(1,864,333)	164,385
Proceeds of Fixed Asset Sales	5,750	5,750	58,775	53,025
Total other financing sources (uses)	5,750	5,750	58,775	53,025
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (5,913,000)	\$ (5,969,000)	221,696	\$ 6,190,696
Balance beginning of year			17,136,962	
Balance end of year			\$ 17,358,658	

SIOUX COUNTY, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2010

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$56,000. The budget amendment is reflected in the final budget amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During fiscal year 2010, disbursements exceeded the amounts budgeted in the county environment, government services, and the debt service functions.

As noted previously, the actual results of operations are presented in accordance with U.S. generally accepted accounting principles which differ in certain respects from those practices used in the preparation of the 2009-10 budget. For purposes of preparing the budget comparison above, the actual expenses have been adjusted to the cash basis which is consistent with the County's budgeted expenditures. The adjustments required to convert the expenses to cash basis at the end of year are as follows:

Governmental Funds			
	Total		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 18,964,119	\$ (340,516)	\$ 18,623,603
Expenditures	18,801,198	(41,292)	18,759,906
Net	<u>162,921</u>	<u>(299,224)</u>	<u>(136,303)</u>
Other Financing Sources (Uses)	58,775	-	58,775
Beginning Fund Balance	17,136,962	1,963,956	19,100,918
Increase in Reserve for Inventory	-	377,141	377,141
Ending Fund Balance	<u>\$ 17,358,658</u>	<u>\$ 2,041,873</u>	<u>\$ 19,400,531</u>

SIOUX COUNTY, IOWA
Schedule of Funding Progress for the
Retiree Health Plan

Required Supplementary Information

For Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Approximate Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2009	July 1, 2008	-	\$ 428,640	\$ 428,640	0.00%	\$4,972,856	8.62%
June 30, 2010	July 1, 2008	-	\$ 428,640	\$ 428,640	0.00%	\$4,973,000	8.62%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

SIOUX COUNTY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2010

	Special Revenue Funds			
	Recorder's Records Management Fund	Federal Revenue Sharing	Sioux County Revolving Loan Fund	Attorney's Forfeiture Fund
Assets				
Cash and Pooled Investments	\$ 49,905	\$ 141,190	\$ 1,290,951	\$ 13,875
Receivables:				
Future Property Tax				
Accounts				46
Notes			379,037	
Total Assets	<u>49,905</u>	<u>141,190</u>	<u>1,669,988</u>	<u>13,921</u>
Liabilities and Equity				
Liabilities:				
Deferred Revenue - Future Property Tax				
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Reserved for:				
Long-term notes			379,037	
Unreserved for:				
Special Revenue Fund	49,905	141,190	1,290,951	13,921
Capital Project Fund				
Total Fund Balances	<u>49,905</u>	<u>141,190</u>	<u>1,669,988</u>	<u>13,921</u>
Total Liabilities and Equity	<u>\$ 49,905</u>	<u>\$ 141,190</u>	<u>\$ 1,669,988</u>	<u>\$ 13,921</u>

Special Revenue Funds							
Sheriff's Forfeiture Fund	Resource Enhancement and Protection	Conservation Land Acquisition	Urban Renewal District #1	Empowerment	Urban Renewal Capital Projects	Total	
\$ 5,439	\$ 71,000	\$ 78,770	\$ 103,108	\$ 23,587	\$ 146,939	\$ 1,924,764	
			491,704			491,704	
						46	
						379,037	
5,439	71,000	78,770	594,812	23,587	146,939	2,795,551	
			491,704			491,704	
-	-	-	491,704	-	-	491,704	
						379,037	
5,439	71,000	78,770	103,108	23,587		1,777,871	
					146,939	146,939	
5,439	71,000	78,770	103,108	23,587	146,939	2,303,847	
\$ 5,439	\$ 71,000	\$ 78,770	\$ 594,812	\$ 23,587	\$ 146,939	\$ 2,795,551	

SIOUX COUNTY, IOWA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2010

	Special Revenue Funds			
	Recorder's Records Management Fund	Federal Revenue Sharing	Sioux County Revolving Loan Fund	Attorney's Forfeiture Fund
Revenue:				
Property and other county taxes				
Intergovernmental				
Charges for services	\$ 7,394			
Use of money and property	61	\$ 1,861	\$ 27,090	\$ 16
Miscellaneous				3,346
Total Revenue	7,455	1,861	27,090	3,362
Expenditures:				
Current operating:				
Public safety and legal services				1,580
Physical health and social services				
Government services to residents	3,681		1,150	
Capital projects				
Total Expenditures	3,681	-	1,150	1,580
Excess (Deficiency) of revenues over expenditures	3,774	1,861	25,940	1,782
Other financing sources (uses):				
Transfers (out)				
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	3,774	1,861	25,940	1,782
Fund balances - beginning of year	46,131	139,329	1,644,048	12,139
Fund balances - end of year	\$ 49,905	\$ 141,190	\$ 1,669,988	\$ 13,921

Special Revenue Funds						
Sheriff's Forfeiture Fund	Resource Enhancement and Protection	Conservation Land Acquisition	Urban Renewal District #1	Empowerment	Urban Renewal Capital Projects	Total
			\$ 370,472			\$ 370,472
	\$ 22,607		4,998	\$ 23,638		51,243
		\$ 60,574				67,968
\$ 6	75	108	69			29,286
6,836						10,182
6,842	22,682	60,682	375,539	23,638	-	529,151
9,733						11,313
				51		51
		55,978			\$ 73,410	4,831
9,733	-	55,978	-	51	73,410	129,388
(2,891)	22,682	4,704	375,539	23,587	(73,410)	383,568
			(287,460)			(287,460)
-	-	-	(287,460)	-	-	(287,460)
(2,891)	22,682	4,704	88,079	23,587	(73,410)	96,108
8,330	48,318	74,066	15,029	-	220,349	2,207,739
\$ 5,439	\$ 71,000	\$ 78,770	\$ 103,108	\$ 23,587	\$ 146,939	\$ 2,303,847

SIOUX COUNTY, IOWA
COMBINING SCHEDULE OF NET ASSETS
Agency Funds
For the Year Ended June 30, 2010

	County Recorder	County Sheriff	Agricultural Extension	County Assessor
ASSETS				
Cash and Pooled Investments		\$ 62,101	\$ 1,575	\$ 139,593
Receivables:				
Property Tax				
Future Property Tax			195,200	325,000
Accounts	\$ 188			48
Assessments				
Due from Other Governments				
Total Assets	188	62,101	196,775	464,641
LIABILITIES				
Accounts Payable		2,660		1,109
Due to Other Governments	188	59,441	196,775	435,336
Salaries and Benefits Payable				8,426
Compensated Absences				19,770
Total Liabilities	\$ 188	\$ 62,101	\$ 196,775	\$ 464,641

Schools	Area Schools	Corporations	Townships	City Special Assessments	Auto License and Use Tax
\$ 153,178	\$ 6,119	\$ 85,741	\$ 2,375	\$ 1,706	\$ 790,924
19,229	746	16,838			
17,309,552	797,816	14,067,512	292,604		
				82,249	
17,481,959	804,681	14,170,091	294,979	83,955	790,924
17,481,959	804,681	14,170,091	294,979	83,955	790,924
\$17,481,959	\$ 804,681	\$ 14,170,091	\$ 294,979	\$ 83,955	\$ 790,924

(continued)

SIOUX COUNTY, IOWA
COMBINING SCHEDULE OF NET ASSETS - (Continued)
Agency Funds
For the Year Ended June 30, 2010

	Tax In Advance	Emergency Management Services	Brucellosis and Tuberculosis Eradication	Public Safety Agency
ASSETS				
Cash and Pooled Investments	\$ 100,302	\$ 75,988	\$ 65	\$99,349
Receivables:				
Property Tax				
Future Property Tax			3,928	
Accounts				
Assessments				
Due from Other Governments		22,332		
Total Assets	100,302	98,320	3,993	99,349
LIABILITIES				
Accounts Payable		356		612
Due to Other Governments	100,302	93,861	3,993	66,496
Salaries and Benefits Payable		3,305		12,966
Compensated Absences		798		19,275
Total Liabilities	\$ 100,302	\$ 98,320	\$ 3,993	\$99,349

Disposal Agency	E-911	Recorder E-Commerce	Flexible Benefits	Total
\$ 29,734	\$ 138,038	\$ 3,950	\$ 1,652	\$ 1,692,390
				36,813
				32,991,612
	30,722			30,958
				82,249
	10,569			32,901
29,734	179,329	3,950	1,652	34,866,923
	539		1,652	6,928
29,734	178,790	3,950		34,795,455
				24,697
				39,843
\$ 29,734	\$ 179,329	\$ 3,950	\$ 1,652	\$ 34,866,923

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2010

	Balance July 1, 2009	Addi- tions	Deduc- tions	Balance June 30, 2010
County Recorder				
<u>Assets</u>				
Cash and Pooled Investments	\$ -	\$ 707,756	\$ 707,756	\$ -
Accounts Receivable	592	188	592	188
Total Assets	592	707,944	708,348	188
<u>Liabilities</u>				
Due to Other Governments	592	707,944	708,348	188
Total Liabilities	592	707,944	708,348	188
County Sheriff				
<u>Assets</u>				
Cash and Pooled Investments	195,686	1,079,577	1,213,162	62,101
Total Assets	195,686	1,079,577	1,213,162	62,101
<u>Liabilities</u>				
Accounts Payable	2,961	2,660	2,961	2,660
Due to Other Governments	192,725	1,076,917	1,210,201	59,441
Total Liabilities	195,686	1,079,577	1,213,162	62,101
Agricultural Extension Education				
<u>Assets</u>				
Cash and Pooled Investments	1,958	189,089	189,472	1,575
Property Tax Receivable	123	-	123	-
Future Property Tax	189,200	195,200	189,200	195,200
Total Assets	191,281	384,289	378,795	196,775
<u>Liabilities</u>				
Due to Other Governments	191,281	384,289	378,795	196,775
Total Liabilities	191,281	384,289	378,795	196,775
County Assessor				
<u>Assets</u>				
Cash and Pooled Investments	130,341	356,749	347,497	139,593
Accounts Receivable	-	48	-	48
Property Tax Receivable	257	-	257	-
Future Property Tax	356,310	325,000	356,310	325,000
Total Asset	486,908	681,797	704,064	464,641
<u>Liabilities</u>				
Accounts Payable	232	1,109	232	1,109
Due to Other Governments	460,709	652,492	677,865	435,336
Salaries and Benefits Payable	8,191	8,426	8,191	8,426
Compensated Absences	17,776	19,770	17,776	19,770
Total Liabilities	\$ 486,908	\$ 681,797	\$ 704,064	\$ 464,641

(continued)

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2010

	Balance July 1, 2009	Addi- tions	Deduc- tions	Balance June 30, 2010
Schools				
<u>Assets</u>				
Cash and Pooled Investments	\$ 168,127	\$ 17,769,491	\$ 17,784,440	\$ 153,178
Property Tax Receivable	10,738	19,229	10,738	19,229
Future Property Tax	17,777,584	17,309,552	17,777,584	17,309,552
Total Assets	<u>17,956,449</u>	<u>35,098,272</u>	<u>35,572,762</u>	<u>17,481,959</u>
<u>Liabilities</u>				
Due to Other Governments	<u>17,956,449</u>	<u>35,098,272</u>	<u>35,572,762</u>	<u>17,481,959</u>
Total Liabilities	<u>17,956,449</u>	<u>35,098,272</u>	<u>35,572,762</u>	<u>17,481,959</u>
Area Schools				
<u>Assets</u>				
Cash and Pooled Investments	7,776	754,874	756,531	6,119
Property Tax Receivable	488	746	488	746
Future Property Tax	755,306	797,816	755,306	797,816
Total Assets	<u>763,570</u>	<u>1,553,436</u>	<u>1,512,325</u>	<u>804,681</u>
<u>Liabilities</u>				
Due to Other Governments	<u>763,570</u>	<u>1,553,436</u>	<u>1,512,325</u>	<u>804,681</u>
Total Liabilities	<u>763,570</u>	<u>1,553,436</u>	<u>1,512,325</u>	<u>804,681</u>
Corporations				
<u>Assets</u>				
Cash and Pooled Investments	96,685	13,018,451	13,029,395	85,741
Property Tax Receivable	10,874	16,838	10,874	16,838
Future Property Tax	12,775,917	14,067,512	12,775,917	14,067,512
Total Assets	<u>12,883,476</u>	<u>27,102,801</u>	<u>25,816,186</u>	<u>14,170,091</u>
<u>Liabilities</u>				
Due to Other Governments	<u>12,883,476</u>	<u>27,102,801</u>	<u>25,816,186</u>	<u>14,170,091</u>
Total Liabilities	<u>12,883,476</u>	<u>27,102,801</u>	<u>25,816,186</u>	<u>14,170,091</u>
Townships				
<u>Assets</u>				
Cash and Pooled Investments	8,913	273,592	280,130	2,375
Property Tax Receivable	36	-	36	-
Future Property Tax	274,085	292,604	274,085	292,604
Total Assets	<u>283,034</u>	<u>566,196</u>	<u>554,251</u>	<u>294,979</u>
<u>Liabilities</u>				
Due to Other Governments	<u>283,034</u>	<u>566,196</u>	<u>554,251</u>	<u>294,979</u>
Total Liabilities	<u>\$ 283,034</u>	<u>\$ 566,196</u>	<u>\$ 554,251</u>	<u>\$ 294,979</u>

(continued)

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2010

	Balance July 1, 2009	Addi- tions	Deduc- tions	Balance June 30, 2010
City Special Assessments				
<u>Assets</u>				
Cash and Pooled Investments	\$ 2,893	\$ 75,407	\$ 76,594	\$ 1,706
Assessments Receivable	61,178	82,249	61,178	82,249
Total Assets	<u>64,071</u>	<u>157,656</u>	<u>137,772</u>	<u>83,955</u>
<u>Liabilities</u>				
Due to Other Governments	<u>64,071</u>	<u>157,656</u>	<u>137,772</u>	<u>83,955</u>
Total Liabilities	<u>64,071</u>	<u>157,656</u>	<u>137,772</u>	<u>83,955</u>
Auto License and Use Tax				
<u>Assets</u>				
Cash and Pooled Investments	<u>707,363</u>	<u>8,365,006</u>	<u>8,281,445</u>	<u>790,924</u>
Total Assets	<u>707,363</u>	<u>8,365,006</u>	<u>8,281,445</u>	<u>790,924</u>
<u>Liabilities</u>				
Due to Other Governments	<u>707,363</u>	<u>8,365,006</u>	<u>8,281,445</u>	<u>790,924</u>
Total Liabilities	<u>707,363</u>	<u>8,365,006</u>	<u>8,281,445</u>	<u>790,924</u>
Tax In Advance				
<u>Assets</u>				
Cash and Pooled Investments	<u>62,339</u>	<u>37,963</u>	<u>-</u>	<u>100,302</u>
Total Assets	<u>62,339</u>	<u>37,963</u>	<u>-</u>	<u>100,302</u>
<u>Liabilities</u>				
Due to Other Governments	<u>62,339</u>	<u>37,963</u>	<u>-</u>	<u>100,302</u>
Total Liabilities	<u>62,339</u>	<u>37,963</u>	<u>-</u>	<u>100,302</u>
Emergency Management Services				
<u>Assets</u>				
Cash and Pooled Investments	64,356	160,703	149,071	75,988
Due from Other Governments	15,610	22,332	15,610	22,332
Total Assets	<u>79,966</u>	<u>183,035</u>	<u>164,681</u>	<u>98,320</u>
<u>Liabilities</u>				
Accounts Payable	645	356	645	356
Salaries and Benefits Payable	2,395	3,305	2,395	3,305
Due to Other Governments	76,167	178,576	160,882	93,861
Compensated Absences	759	798	759	798
Total Liabilities	<u>\$ 79,966</u>	<u>\$ 183,035</u>	<u>\$ 164,681</u>	<u>\$ 98,320</u>

(continued)

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2010

	Balance July 1, 2009	Addi- tions	Deduc- tions	Balance June 30, 2010
Brucellosis and Tuberculosis Eradication				
<u>Assets</u>				
Cash and Pooled Investments	\$ 40	\$ 3,366	\$ 3,341	\$ 65
Future Property Tax	3,293	3,928	3,293	3,928
Total Assets	<u>3,333</u>	<u>7,294</u>	<u>6,634</u>	<u>3,993</u>
<u>Liabilities</u>				
Due to Other Governments	<u>3,333</u>	<u>7,294</u>	<u>6,634</u>	<u>3,993</u>
Total Liabilities	<u>3,333</u>	<u>7,294</u>	<u>6,634</u>	<u>3,993</u>
Public Safety Agency				
<u>Assets</u>				
Cash and Pooled Investments	<u>99,172</u>	<u>434,203</u>	<u>434,026</u>	<u>99,349</u>
Total Assets	<u>99,172</u>	<u>434,203</u>	<u>434,026</u>	<u>99,349</u>
<u>Liabilities</u>				
Accounts Payable	610	612	610	612
Salaries and Benefits Payable	12,108	12,966	12,108	12,966
Due to Other Governments	67,724	401,350	402,578	66,496
Compensated Absences	<u>18,730</u>	<u>19,275</u>	<u>18,730</u>	<u>19,275</u>
Total Liabilities	<u>99,172</u>	<u>434,203</u>	<u>434,026</u>	<u>99,349</u>
Disposal Agency				
<u>Assets</u>				
Cash and Pooled Investments	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
Total Assets	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
<u>Liabilities</u>				
Due to Other Governments	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
Total Liabilities	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
E-911				
<u>Assets</u>				
Cash and Pooled Investments	105,920	226,333	194,215	138,038
Accounts Receivable	40,990	30,722	40,990	30,722
Due from Other Governments	<u>11,863</u>	<u>10,569</u>	<u>11,863</u>	<u>10,569</u>
Total Assets	<u>158,773</u>	<u>267,624</u>	<u>247,068</u>	<u>179,329</u>
<u>Liabilities</u>				
Accounts Payable	877	539	877	539
Due to Other Governments	<u>157,896</u>	<u>267,085</u>	<u>246,191</u>	<u>178,790</u>
Total Liabilities	<u>\$ 158,773</u>	<u>\$ 267,624</u>	<u>\$ 247,068</u>	<u>\$ 179,329</u>

(continued)

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2010

	Balance July 1, 2009	Addi- tions	Deduc- tions	Balance June 30, 2010
Treasurer's Trust Fund				
<u>Assets</u>				
Cash and Pooled Investments	\$ -	\$ 156,243	\$ 156,243	\$ -
Total Assets	-	156,243	156,243	-
<u>Liabilities</u>				
Due to Other Governments	-	156,243	156,243	-
Total Liabilities	-	156,243	156,243	-
Recorder E-Commerce				
<u>Assets</u>				
Cash and Pooled Investments	1,757	21,900	19,707	3,950
Total Assets	1,757	21,900	19,707	3,950
<u>Liabilities</u>				
Due to Other Governments	1,757	21,900	19,707	3,950
Total Liabilities	1,757	21,900	19,707	3,950
Flexible Benefits				
<u>Assets</u>				
Cash and Pooled Investments	8,713	63,553	70,614	1,652
Accounts Receivable	2,430	-	2,430	-
Total Assets	11,143	63,553	73,044	1,652
<u>Liabilities</u>				
Accounts Payable	4,082	1,652	4,082	1,652
Due to Other Governments	7,061	61,901	68,962	-
Total Liabilities	\$ 11,143	\$ 63,553	\$ 73,044	\$ 1,652

(continued)

SIOUX COUNTY, IOWA
Combining Schedule of Changes in Assets and Liabilities - (Continued)
Agency Funds
For the Year Ended June 30, 2010

	Balance July 1, 2009	Addi- tions	Deduc- tions	Balance June 30, 2010
Total All Agency Funds				
<u>Assets</u>				
Cash and Pooled Investments	\$ 1,691,773	\$ 43,694,256	\$ 43,693,639	\$ 1,692,390
Receivables:				
Property Tax	22,516	36,813	22,516	36,813
Future Property Tax	32,131,695	32,991,612	32,131,695	32,991,612
Accounts	44,012	30,958	44,012	30,958
Assessments	61,178	82,249	61,178	82,249
Due from Other Governments	27,473	32,901	27,473	32,901
	<u>33,978,647</u>	<u>76,868,789</u>	<u>75,980,513</u>	<u>34,866,923</u>
Total Assets				
	<u>33,978,647</u>	<u>76,868,789</u>	<u>75,980,513</u>	<u>34,866,923</u>
<u>Liabilities</u>				
Accounts Payable	9,407	6,928	9,407	6,928
Due to Other Governments	33,909,281	76,797,321	75,911,147	34,795,455
Salaries and Benefits Payable	22,694	24,697	22,694	24,697
Compensated Absences	37,265	39,843	37,265	39,843
	<u>37,265</u>	<u>39,843</u>	<u>37,265</u>	<u>39,843</u>
Total Liabilities				
	<u>\$ 33,978,647</u>	<u>\$ 76,868,789</u>	<u>\$ 75,980,513</u>	<u>\$ 34,866,923</u>

SIOUX COUNTY, IOWA**Schedule of Revenues By Source and Expenditures By Function - All Governmental Funds
For the Last Eight Years**

	Modified Accrual Basis of Accounting		
	2010	2009	2008
Revenue:			
Property and other county tax	\$ 8,683,160	\$ 8,190,447	\$ 8,263,411
Interest and penalty on property tax	68,516	50,584	42,897
Intergovernmental	8,413,783	9,044,854	8,489,666
Licenses and permits	11,300	9,545	8,620
Charges for services	777,488	814,345	764,009
Use of money and property	380,729	574,171	877,259
Miscellaneous	288,627	281,838	448,403
Total Revenue	18,623,603	18,965,784	18,894,265
Expenditures:			
Current operating:			
Public safety and legal services	3,627,043	3,485,693	3,299,671
Physical health and social services	1,598,101	1,690,163	1,796,148
Mental health	2,209,116	2,369,247	2,512,673
County environment and education	982,492	802,725	828,358
Roads and transportation	5,659,467	4,497,799	5,367,095
Government services to residents	703,160	688,163	653,742
Administration	1,711,275	1,818,582	1,658,726
Non-program services	32,167	30,987	34,327
Capital projects	1,214,794	6,153,935	10,840,840
Debt service	1,022,291	873,411	715,927
Total	\$ 18,759,906	\$ 22,410,705	\$ 27,707,507

Modified Accrual Basis of Accounting				
2007	2006	2005	2004	2003
\$ 8,057,588	\$ 7,644,707	\$ 6,143,980	\$ 6,196,074	\$ 5,454,921
36,091	37,104	33,112	40,775	38,396
7,730,963	7,901,142	7,713,338	8,172,221	7,249,579
6,765	6,055	5,175	4,275	2,795
742,796	699,440	777,224	717,906	743,788
735,537	518,913	323,391	242,520	408,525
329,028	286,407	210,448	370,249	117,132
17,638,768	17,093,768	15,206,668	\$ 15,744,020	\$ 14,015,136
3,219,043	3,126,912	3,147,273	\$ 2,906,463	\$ 2,282,799
1,626,213	1,042,077	990,082	986,694	1,223,510
2,498,244	2,260,765	2,170,728	2,174,660	2,289,533
691,064	692,525	623,028	609,362	714,627
4,228,892	4,526,135	3,962,119	3,970,872	3,744,588
678,940	879,206	842,863	541,941	444,305
1,535,609	1,580,779	1,525,308	1,414,469	1,356,819
30,618	24,175	19,498	19,223	-
2,040,586	1,495,322	1,756,346	3,529,355	5,024,516
509,805	474,141	473,816	473,041	465,286
\$ 17,059,014	\$ 16,102,037	\$ 15,511,061	\$ 16,626,080	\$ 17,545,983

SIOUX COUNTY, IOWA
Schedule of Expenditures of Federal Awards (Cash Basis)
For the Year Ended June 30, 2010

	CFDA Number	Agency or Pass-Through Number	Program Disburse- ments
Indirect:			
U.S. DEPARTMENT OF AGRICULTURE			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 12,200
U.S. DEPARTMENT OF JUSTICE			
Iowa Department of Justice:			
Crime Victim Assistance	16.575		19,784
U.S. DEPARTMENT OF TRANSPORTATION			
Iowa Department of Transportation:			
Highway Planning and Construction (ARRA)	20.205		330,396 *
Governor's Traffic Safety Bureau:			
Safety Belt Performance Grants	20.609		4,500
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		5,828
Refugee and Entrant Assistance - Voluntary Agency Program	93.566		35
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,210
Foster Care - Title IV-E	93.658		6,496
Adoption Assistance	93.659		1,621
Children's Health Insurance Program	93.767		73
Medical Assistance Program	93.778		13,750
Social Services Block Grant	93.667		6,335
Child Support Enforcement	93.563		390
Temporary Assistance for Needy Families	93.558		55,814
Social Services Block Grant	93.667		83,202
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069		126,805 *
Iowa Department of Human Services Subgrantee of Northwest			
Iowa Community Empowerment:			
Child Care and Development Block Grant (ARRA)	93.713		23,621
U.S. DEPARTMENT OF HOMELAND SECURITY			
Iowa Department of Public Defense; Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		50,819
Emergency Management Performance Grants	97.042		\$ 22,332

Continued

SIOUX COUNTY, IOWA
Schedule of Expenditures of Federal Awards (Cash Basis) - (continued)
For the Year Ended June 30, 2010

	CFDA Number	Agency or Pass-Through Number	Program Disburse- ments
U.S. DEPARTMENT OF EDUCATION			
Iowa Department of Transportation			
State Fiscal Stabilization Fund - Government Services, Recovery Act (ARRA)	84.397	S397A090016A	<u>\$ 42,853</u>
 Total Expenditures of Federal Awards			<u><u>\$ 810,064</u></u>

*Total disbursements from these programs exceed 50% of the total federal awards and are considered major programs.

Note 1 - **Basis of Presentation** - The accompanying schedule of expenditures of federal awards includes the federal grant activity of Sioux County and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

SIOUX COUNTY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, and are considered to be material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements, and are considered to be material weaknesses.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:

CFDA Number	Program Name
20.205	Highway Planning and Construction - ARRA
93.069	Public Health Emergency Preparedness

- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000
- (i) Sioux County did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

Instances of Noncompliance

No matters were reported.

There were no prior year audit findings.

Material Weaknesses

II-A-10: Financial Reporting

Observation – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables, and capital asset additions are identified in the County's financial statements.

SIOUX COUNTY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Response – We will double check these in the future to avoid missing any receivables, payables, or capital asset transactions.

Conclusion – Response accepted

II-B-10: Financial Accounting

Observation – During the audit, we identified grant revenues and expenditures which were not originally recorded or identified to be recorded by the County. The County contracts out the grant administration for these grants to the local community health agency who deposited the grant proceeds into their bank account to administer the grant. The checks received from the State of Iowa for these grants were improperly endorsed by the contractor instead of the County.

Recommendation – We recommend the County identify all “pass-thru” type grants and develop procedures to track the “pass-thru” revenue and expenditures for recording purposes and to ensure proper reporting of these types of grants. We also recommend that all grant receipts be deposited by the County before being expended to the contractor for administration.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted

SIOUX COUNTY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Part III: Findings and Questioned Costs For Federal Awards

Instances of Non Compliance

No matters were reported.

Material Weaknesses

III-A-10: Grant Administration/Schedule of Expenditures of Federal Awards

Observation – During the audit, we identified adjustments necessary for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the County to properly include all amounts and information in the Schedule of Expenditures of Federal Awards.

Recommendation – The County should implement procedures to ensure all federal grants are identified and included in the County's Schedule of Expenditures of Federal Awards at the appropriate amounts.

Response – The County understands the nature of the weaknesses and will double check all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards.

Conclusion – Response accepted

III-B-10: Financial Accounting

Observation – During the audit, federal grant revenues and expenditures of the County were not recorded or identified to be recorded by the County. The County contracts out the grant administration for these grants to the local community health agency who deposited the grant proceeds into their bank account to administer the grant. The checks received from the State of Iowa for these grants were improperly endorsed by the contractor instead of the County. See II-B-10.

SIOUX COUNTY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-10** Certified Budget – Disbursements for the year ended June 30, 2010 exceeded the amounts budgeted in the county environment and education, debt service and government services to residents functions.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will amend the budget when required.

Conclusion – Response accepted.

- IV-B-10** Questionable Expenses – We noted no expenditures that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.

- IV-C-10** Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

- IV-D-10** Business Transactions – There were no business transactions between the County and County officials and/or employees during the year ended June 30, 2010.

- IV-E-10** Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. Township clerks are included in the blanket bond purchased by the County. Chapter 64.12 of the Code of Iowa requires that all bonds required of the township clerk be furnished and paid for by the township.

Recommendation – The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. The County should seek reimbursement for the amount paid for the bond premiums for township clerks.

Response – We feel the amount each township owes is minimal and therefore, not worth the time it would take to figure and bill each township.

Conclusion – Response accepted.

- IV-F-10** County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from the County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2010 for the County Extension Office did not exceed the amount budgeted.

- IV-G-10** Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- IV-H-10** Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12b and 12c of the Code of Iowa and the County's investment policy were noted.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Supervisors
Sioux County, Iowa:

Compliance:

We have audited the compliance of SIOUX COUNTY, IOWA with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Sioux County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Sioux County's management. Our responsibility is to express an opinion on Sioux County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sioux County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Sioux County's compliance with those requirements.

In our opinion, Sioux County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance:

Management of Sioux County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sioux County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on effectiveness of Sioux County's internal control over compliance.

but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on effectiveness of Sioux County's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as III-A-10 and III-B-10 to be material weaknesses.

Sioux County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Sioux County's response and, accordingly, we express no opinion on the response.

This report, a public record by law, is intended solely for the information and use of the board of supervisors, employees and citizens of Sioux County and other parties to whom Sioux County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
February 21, 2011



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors
Sioux County, Iowa

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SIOUX COUNTY, IOWA as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered Sioux County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sioux County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sioux County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items II-A-10 and II-B-10 to be material weaknesses.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether Sioux County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Sioux County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Sioux County's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Sioux County and other parties to whom Sioux County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Sioux County during the course of our audit. Should you have any questions concerning any of the above matters we would be pleased to discuss them with you at your convenience.

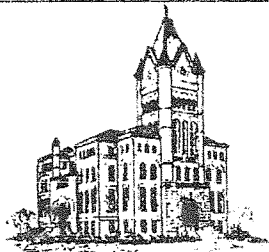
Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
February 21, 2011

OFFICE OF SIOUX COUNTY AUDITOR

Lois Huitink
County Auditor & Commissioner of
Elections

Linda Feikema
Deputy Auditor/Real Estate



Lisa Rowenhorst
Election Administrator
Kim Dykstra
Budget Director
Beth Vander Veen
Payroll/Accounting
Linda Wynia
Accounting/Real Estate

Schedule of Findings and Questioned Costs Corrective Action Plan June 30, 2010

Department of Transportation and Department of Health and Human Services

Sioux County, respectfully submits the following corrective action plan for the year ended June 30, 2010.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended June 30, 2010.

The findings from the June 30, 2010 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Material Weakness:

III-A-10 - Grant Administration/Schedule of Expenditures of Federal Awards

Observation – During the audit, we identified adjustments necessary for the Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the County to properly include all amounts and information in the Schedule Expenditures of Federal Awards.

Recommendation – The County should implement procedures to ensure all federal grants are identified and included in the County's Schedule of Expenditures of Federal Awards at the appropriate amounts.

Response – The County understands the nature of the weakness and will double all grants in the future to ensure all information is properly included in the Schedule of Expenditures of Federal Awards.

III-B-10 - Financial Accounting

Observation – During the audit, we identified grant revenues and expenditures which were not originally recorded or identified to be recorded by the County. The County contracts out the grant administration for these grants to the local community health center who deposited the grant proceeds into their bank account to administer the grant. The checks received from the State of Iowa for these grants were improperly endorsed by the contractor instead of the County.

Recommendation – We recommend the County identify all “pass-thru” type grants and develop procedures to track the “pass-thru” revenue and expenditures for recording purposes and to ensure proper reporting of these types of grants. We also recommend that all grant receipts be deposited by the County before being expended to the contractor for administration.

Response – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

If the Department of Transportation or the Department of Health and Human Services have questions regarding this plan, please call Lois Huitink at 712-737-2216.

Sincerely yours,

SIOUX COUNTY

A handwritten signature in cursive script, appearing to read "Lois Huitink", written in dark ink.

Lois Huitink, Auditor